The Industrial Labour Welfare Association Ltd.

Memorandum presented by

The Indian Chamber of Commerce,

COIMBATORE

to

THE BOARD OF INDUSTRIES

Reply by

SRI P. R. RANGANATHA POONJA,

Member, Board of Industries

and

Speech by

SRI DATHATHRIAIYA,

Dy. Director of Industries & Commerce and Secretary, Board of Industries

on

His Experiences of his visit to Norway and Sweden

Gopal Bagh 15—5—53 Coimbatore

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Sri G. D. Naidu, President of the Industrial Labour Welfare Association Ltd., Coimbatore, gave a party to the President and Members of the Board of Industries at Gopal Bagh on 15th May 1953 at 5 p m. The Indian Chamber of Commerce, Coimbatore, and a good number of business men, mill owners and others attended the function.

After the warm welcome given by G. D. Naidu, the Chamber of Commerce presented a memorandum to the Board of Industries. In the absence of the President of the Board of Industries, Sri P. R. Ranganatha Poonja a member of the Board of Industries gave his replies to the several points raised in the memorandum.

Then, at the request of Sri G. D. Naidu, Sri Dathathriaiya, Dy. Director of Industries & Commerce and Secretary, Board of Industries gave an interesting speech on his experiences of his visit to Norway and Sweden.

Memorandum presented by The Indian Chamber of Commerce, Coimbatore to The President and Members of the Board of Industries, Madras on 15—5—1953 at "Gopal Bagh", Avanashi Road, Coimbatore.

Dear Sirs :

On behalf of the Indian Chamber of Commerce, Coimbatore, I have great pleasure to extend to you this evening a hearty welcome. I am grateful to you for consenting to meet the Members of this Chamber and receive this Memorandum.

At the outset, I have to refer to the unexpected and sudden death of Dr. R. K. Shanmukham Chettiar, which is a great and irreparable loss to the Chamber. Dr. Chettiar was one of the Founder members and President of this Chamber for several years. The Chamber has benefited by his mature advice and guidance throughout and that, we shall have no more!

I need hardly stress on the importance of developing small-scale cottage industries. Sometime back, a few Japanese-type of industries were introduced in a few centres in North India and when this Chamber represented to the

Union Government to introduce them in South India also, the Chamber was informed that the usefulness and adaptability of those industries to Indian conditions were only being experimented with and would be introduced, as soon as they were found suitable. I wonder what the Madras and Union Governments propose to do about them! There is ample leisure for our rural population in the South and it is essential that they should be engaged in gainful activities. Small-scale and cottage industries will provide employment to them, and also to the urban population in a way. The only difference will be that the cottage industries in rural areas will have a bias to rural needs and those in urban areas will have an urban bias. Rural cottage industries will consist of processing agricultural produce mainly, whereas the urban cottage industries will be auxiliary to the medium and large scale industries established in these areas.

In fostering and encouraging cottage industries, the Department of Industries of the State should supply the necessary technical advice, and also help the import of machinery suited to such industries. It would be far better if the machinery needed for cottage industries are manufactured in this country. The manufacture and availability of machinery in our country will provide employment for indigenous capital and labour and incidentally, there will be considerable saving of foreign exchange. I need hardly stress that an all-out effort must be made for starting and developing

small-scale industries and I am sure the Board of Industries will offer the utmost guidance and help towards this end.

Small-scale industries are not started for want of the know-how. They are handicapped by finance also. There is the State Aid to industries and in spite of the existence of the State Aid, many industries, cottage and medium could not flourish for want of the necessary capital and other help. This is on account of the limited operation of the Act. The financial assistance is restricted. The limit of Rs. 50,000/- may be inadequate, and therefore, the ceiling should be suitably raised. There should be quick disposal of all applications. Red-tapism and delay should be avoided at all levels. Too much insistence on safeguards and security for the loans hampers many industries to benefit from the loans. So, I would earnestly mention that the Board of Industries should expedite the grant of loans as well as increase the ceiling suitably so that industries may not be left high and dry for want of finance. It is stressed that loans should be sanctioned as quickly as possible. The Government can exercise strict control and supervision regarding the manner of expenditure, and in case of deliberate fraud by any beneficiary, drastic action may be taken and deterrently punished. The due repayment of the loans may be ensured by rendering technical advice, control over management, by calling periodical reports, insisting on the manner of expending the loan, taking the first

loan on the properties, assisting in marketing etc. Provided these safeguards are taken, there is no chance of the loans remaining unpaid. If, in spite of all the precautions and safeguards, the loans are defaulted by any fraud, action should be taken under criminal law. I hope that the Board will do the needful in this regard.

The Factories Act and the Shops and Establishments Act are hampering and handicapping cottage industries. There is no incentive for the establishment of new units on account of the hard-ships for complying with the Acts and the Rules thereof. The existing ones also find it hard to comply. Therefore, if cottage industries should thrive, they should be exempted from the operations of the above Acts and Rules, or they should be radically mended.

Once again we thank you for your visit and we may mention that such visits and exchange of views will be of much help to the people engaged in medium and small-scale industries.

Speech by

Mr. P. R. Ranganatha Poonja

on 15—5—53.

Ladies and Gentlemen,

As already spoken to by Mr. Naidu, the chairman of our Board could not be present on this very happy occasion. Of course, this is not our first experience of Mr. G. D. Naidu's hospitality or the hospitality of the people of Coimbatore. And this year, we are particularly grateful to the Chamber of Commerce which is probably the most important one concerned with the welfare of the people of this place. That they should have come forward to present this address to us is a matter of which while we take some just pride, we feel also the responsibility of responding suitably to such an august party. And my duties in particular are hampered because usually we, in the Board, look upon the Chairman for our guidance and we have got partly to represent the prestige. The chairman alone represents the Government and these representations contain references to matters which I feel compelled to answer partly on behalf of Government and partly as a member of the Board.

To begin with, sir, I join with you in expressing our deep sense of sorrow on the passing away of Sir R. K. Shanmugam Chettiar. He was a tower of strength to all people in South India. He was an ornament of the people of the South. He filled various occupations in life and it is a matter of personal pride for me in saying that we happened to be class-mates. He it was who set the policy in many matters and finally as the finance minister, he discharged very important duties. It is really a pity that at a time when the country needs the services of an efficient son of India, we should have lost him. All that I can say on this occasion is, I pray that his soul may rest in peace.

With reference to the cottage industries referred to in this memorandum, I must admit that your Chamber is really very wise in adapting Japan and Japanese type of cottage industries as your model. I know years ago, the State of Mysore wanted to have sericulture on a large scale, which they found receptive. On greater scrutiny they learnt that sericulture could be successful only as a cottage industry. They got one Mr. Homju from Japan. It was many many years ago, and I had occasions to see Mr. and Mrs. Homju both working. He is a very heavily paid officer. In those days he was getting about Rs. 1,500/- or so. They had a small family and also a small baby. They would come and attend to the visitors and talk to them and while Mr. Homju kept the visitors engaged, Mrs. Homju would suddenly disappear.

And then after 5 minutes she would come in and Mr. Homju would disappear. At my first visit I was rather curious to know what exactly these people were doing. They did not talk at all. They took us round to show what was really behind their house. It was a small sericultural farm where there were various types of mulberry plant, and various herbs at different stages of growth and Mrs. and Mr. Homju were attending to every bit of it themselves. We were told that what every household of Japan devoted to these small industries will do. We in India, when we take up an industry, generally take only the control, but we want somebody else to do the work. But the Japanese have realised that time is money. Every minute is rightly utilized in doing the work and therefore I must really congratulate the Chamber in trying to emulate the Japanese.

We in India, as statistics would show, have a large number of hangers-on in our joint families. In our own district I thought we were a very active people. The statistics show that nearly 4, % of the people are mere hangers-on i. e. mere members in joint families doing nothing in particular. And that accounts to a very large extent for the poverty in our lands. We have got the necessary intellect, equipment, intelligence and plenty of raw-materials, but the only thing is we have not learnt how to make good use of the opportunities we have. I dare say we are passing through phases when we cannot afford to be idle. We cannot afford

to lie quiet. The Government of India has now got the five year plan and we have at the helm, no less a person than the Prime Minister of India who is handling the affairs of our country. We have very capable men, we are getting experts from outside. I dare say we will profit by the experience and guidance of such worthy people.

You next referred to small-scale cottage industries. I dare say it was a thing very old, very very old as Indians because if we take statistics we find 78% of our people had been only agriculturists and agriculture is not a full time occupation. In agriculture, people are usually employed for 6 months and in the old days, they supplemented their income by employing themselves in cottage industries. You may ask what are these cottage industries. They make baskets. They make the plough and they spin yarn or else they make cloths. In fact, all the needs of the households of every village were met within the village. In short, every village was self-sufficient. They were self-sufficient because we knew they have acquired the art of providing their needs. But what happened? We have changed our tastes. We have given up the old things that we needed for the household and today whether in the urban areas or in the rural areas, wherever we go, we find foreign articles, articles of foreign manufacture filling our homes.

Now the first thing that you have got to remember about cottage industries is that we must

prepare such articles as are required by the people at large. We cannot think of changing the tastes because time is changing, things have begun very fast and the cinemas have opened the eyes of the people to the luxuries of life. But still, as I said, a people like the Japanese, know what household articles are needed and how to prepare. I remember I found a Jap going from house to house selling some toys. All that he had was some duck and a few little receptacles containing various kinds of pins and a few bamboo sticks and some paper — You know every household children love toys — He takes the duck, sticks it into the bamboo stick and then he makes a pretty little doll. If it is a girl he gives the female duck, if it is a boy he makes a boy or a tiger or something else and then he paints it nicely. After all he gives it for one anna. You know today in India, when we want toys we get these mechanised toys and many of them are very costly and we can't afford to buy. At the same time children need toys. There is a time every child enjoys playing with toys. We in our own time as little fellows did enjoy toys. We have not even learnt to such an extent as to make small things like the toys. Why not we learn from the Japanese the art of making toys?

I will just give you another instance. Now we are making matches but many of us probably are giving up matches. We are using other articles of furniture but it is very easy to make rattan articles, cheap rattan and bamboo articiles

to be used as household furniture. Madras City was doing it. I know in our own time as students when we came to Madras, for about Rs. 5/- we could purchase a bookshelf, a little sofa, a chair and table. I mean such things would be cottage industries and as they don't last long they provide constant employment to the people who are unemployed and at the same time they provide all class of people because they are cheap. So the essential thing about cottage industries would be to make things which are in demand and to make these as the times and the fashion and the taste of the people change.

Next, you refer to some of the things which you expect the Board of Industries to do. I may mention to you at the outset that no doubt we are known as the Board of Industries, but of course it is a very wide term, a term which has been adopted from early 1923 when the act itself was passed. But the Board is more an advisory Board. The Act that we have is known as State Aid Industries Act. It is an Act which was conceived by the British Government at a time it was discovered that these cottage industries were dying. The government thought at that time that the Act must be passed. To be frank it was a sort of an eyewash to the people, that the Government wanted to help and is prepared to help but there were no industries to help. If you read the Act, you will find that help can be given to industries which are in the nascent. Nascent

means just born, new. Most of the industries that come for help are well established industries. Today, for instance, we have to consider about our groundnut oil. There was a time when we thought we could give some help and so, so many people applied. We did give several lakhs. Then we found it necessary when we met at Mangalore to pass a resolution that the Board will not recommend any more loans to these groundnut oil industries. This is one aspect. Today we find that many of these people who have started these industries, feel that they are not able to carry on. The Government have referred to us for our advice as to what we should do with these concerns who have started these industries and how best we can help.

Well, gentlemen, what I wanted to tell you was we were there more or less as a sort of people to help the government, not technical men but men of some common sense, men who move about in the world for acquainting with the industries, who have no business interest and therefore about whom the industrialists need not have any suspicion. Such men come forward to advise the chairman, and the chairman and the Board also will only recommend those which is not binding upon the government. So government is free to instruct the Board how to refuse. That is the normal function of the Board. It is a statutory body thought of and constituted under the State Aid Industries Act. But after independence, we

have gradually assumed this diction towards matters that do not really and strictly belong to us. And the Government also was appreciating our services. We have gone all over the Madras State and seen most of the industries. We are now in a position to say which of them is shining, which of them really requires help, which of them are in a better position and to advise after the experiences gained during the last four or five years, which of the industries require support from the Government.

But technical advice such as you contemplate in your memorandum is a matter which this Board or not even the Industries Department can take up. If you look at the Industries Department and its constitution alone, the Industries Department is there just to see which of these major industries are thriving. It has not taken to up any extent any responsibility to sponsor and help to foster all sorts of industries in the State. We have not even got the necessary statistics before us. We have been contemplating to survey all the various industries and meet their troubles and then to find out which industry is to come up in which area. To give an instance, we have got as many as 38 Tile factories in Mangalore. We find that such a large number of these groundnut oil mills are coming out round about Cuddalore and some other areas where groundnut is plenty. We find that rice mills are coming up and we find that the policy of the government is not to help rice mills because it is against the

interests of the people to pound rice through mills. In that way we have got certain large varieties. There are industries for example like the Textools here which are highly priced. There is nobody who makes spindles and there is so much competition in getting them. You have got other small industries for example button-manufacturing or else, it may be preparing motor parts, cycle parts. We found in Madras one industry where really a poor man is making some articles required for hospitals. They were very nice. The man was very heavily indebted and had been borrowing money at 18 and even 25%. We went very much out of the way to help him, clear the debts and prepare his articles. As a matter of fact now, as each case comes up, we consider the case on its merits and try to give help. The representations such as they make require a good survey and with adequate statistics we dare say we will be better armed to tell the industrialists and also advise them where and how particular industries could come up.

And then I fortunately agree with your remark that the limit of 50,000/- is too low. As a matter of fact there is some history behind. Our powers under the State Aid Industries Act are unlimited. This is a limitation that has been forced upon us very recently more by convention because we found that there is another body, the finance corporation. The idea behind the finance corporation was that the

sum of one crore of rupees must be subscribed by Government and the industries must put an equal amount into it so that they also may be interested and together they were bound to have a body which can help the large state industries. Because, in the finance corporation you have experienced men. For example, before the finance corporation came into existence, there have been many cases where mill-owners have applied for help. You see they had a point like this, for instance there was a mill that was working with only 6000 spindles. One of the applicants said he had 18 years experience and with 2000 spindles he could work a mill. The members of the Board felt they could not come to any conclusion and here they accepted that he was a technical man with very wide experience, who had sunk seven lakhs of his money and he wanted another seven lakhs from government. We took a pretty long time to think over the matter and then we referred him to experts like the late Sir R. K. Shanmugam Chetty and some others who advised him and said that a mill with less than 6000 spindles cannot succeed. And we also learnt that mill-owners who could not invest 25 lakhs and above, could not really have a successful mill. Now therefore, Rs. 50,000/- is really a very small amount but

this is a matter which the President ought to take on our behalf because I agree that we have our limitations and I know that Mr. G. D. Naidu had been putting up a fight and we do want that our old powers should be restored. But any way I am not the person to answer you suitably on this occasion.

As regards the delays, so many new steps have been taken. There was a time when this Board was to meet only once a year. All applications used to go up and when Mr. Bapi Reddy was a member of this Board, we took care to see that all applications, whether admitted or rejected, were placed before the Board. The reasons why they were rejected, how long they were pending, these regular reports have been sent up before the Board. I must in this connection say, though Mr. Dattathriya its secretary, is present here, I am not flattering him, he has been taking considerable pains, he knows every industry which has received State Aid and also every industry which applies and he has been moving very briskly. There are certain industries sometimes where we ourselves as members in our own respective areas have to press the department and get through and I must say during the last 2 or 3 years, things have taken a change for the

better. Of course I don't say that there is no scope for improvement. There is. But let us all know that the Department will try to do things very expeditiously.

Then as regards the funds for cottage industries I may mention to you as a piece of information it is not necessary for small cottage industries to come before the Board. The chairman i. e. the Director of Industries himself can give up to 500 rupees and in special cases upto 1000 rupees and the matter need not come before the Board. It is only application above 1000 or rather 2000, that have to be put up before the Board. So in the case of small industries, the matter can be entirely disposed of departmentally. In the case of big loans above 50,000, the Act requires there must be a publication in the Gazette and objections should be invited. As a matter of fact even today there are one or two objections and therefore they have to go through certain formalities and they are formalities prescribed by the Act in which neither the Chairman nor the members of the Board can do anything, unless and until the Act itself is amended.

As regards your other suggestion about corruption and control to see that the industries work sucessfully, you must also admit that

there are not enough hands in the industries department itself. To think of enlarging the department at a time when there is paucity of funds, and with the 5 year plan making such a big demands on the State revenues, I should think you must be content with what you have. Even in the 5 year plan, as you are aware, the first thing is irrigation and agriculture and also communications. Industries are not going to take a big leaf. But of course these industries are only large-scale industries. I dare say the cottage industry may come a part of the 5 year plan if they are going to promote agriculture.

As regards the Factories Act and Shop Establishments Act, two of our members are members of the Legislature and I dare say, they will take note of your recommendations and see what could be done on the floor of our Assembly to see to what extent, if the Act is not made applicable, atleast suitably mended because I do agree with you that the Shop Assistants Act in giving leave and not allowing them to work overtime, does really hamper. But at the same time, you must admit that every industry requires to be regulated, and these Acts are well intentioned. They are intended to see that not only the capitalist who invests his money gets his return but the workers get

their holidays, they get rest and are not over worked and we have friendly citizens in our State.

Once again, I must thank the Chamber for the great honour they have done to the members of the Board and also thank you all, ladies and gentlemen, for having been present and done this honour. And above all, we are deeply indebted to Mr. G. D. Naidu for arranging this function and though no more a member of the Board he thinks himself behind the screens and thus he makes us more important. We in the Board look to Mr. Naidu for all unsolvable problems and you know the most difficult problem is the problem of funds. There have been occasions when Mr. G. D. Naidu in his bounty and in his benevolence, has offered 3000 to 5000. Today he was telling us he had given Rs. 18000 to a man and got back only 5,000/-. So, we really feel strong on account of generous friends like Mr. G. D. Naidu. In conclusion I thank you all ladies and gentlemen for the patient hearing you have given to me this evening. (Cheers).

Speech by

Mr. Dathathriaiya,

Dy. Director of Industries & Commerce and
Secretary, Board of Industries.

on

"His Experiences of his visit to Norway and Sweden".

Ladies and Gentlemen,

Before proceeding to tell you something about my experiences when I went to have a look around the Norwegian and Swedish industries, I wish to say something about a point which Mr. Poonja has referred to in the course of his speech. It was in regard to what the department was doing for the promotion of industries in the State. He said that probably the department had not the necessary facilities for suggesting new industries which could be developed in the State. That is, ofcourse, a fact. We had made a proposal for certain additional staff, and a certain additional section in our department so that we could collect all the statistical data regarding our mineral and material resources and the industries that could be developed with their aid. But they did not find favour with Government at that time. But it may be of interest to you to learn that the Development Department is actually proposing to bring out a development directory which will enable any private entreprenuer and private capitalist to pick out the industries which have

got favourable chances of being developed in this province and then, of course, it is upto him to choose from those industries according to his own liking and his ability and go ahead. I feel that it is going to be a very important contribution towards the development of industries in this province, this bringing out of the development directory contemplated by the Development department of the Madras Government. Because it may not be common knowledge, I wanted to give this piece of information to you.

Now coming to the subject of my talk, in fact I owe quite a lot to Mr. Naidu in connection with my trip to Sweden and Norway. He gave me quite a number of introductions to several of his friends over there and notwithstanding the fact that as a U. N. O. Scholar I had certain advantages, there was a society for cultural relations with foreign countries in Sweden which arranged all my visits to the Swedish industries, and then the Swedish Federation of Swedish Industries and the Swedish Chamber of Commerce also were very very helpful to me in the course of my visits. But apart from these, the personal introduction letters which Mr. G. D. Naidu gave to me, also helped me because I could get to know some of the important people there and through their help, I was able to see something which I might have missed otherwise. Particularly, I will be telling you something about the way the co-operative movement has been working in the industrial development of Sweden and that part, I came to

learn only because of the introduction which Mr. Naidu gave me to one of the people connected with the Swedish co-operative movement.

At the outset, I must probably explain why I choose Sweden and Norway of all countries in Europe. Of course, I had the choice when they offered the fellowship to me; they asked me to choose between U. S. A., Great Britain, Switzerland, Sweden and Norway. They did not give the choice of Germany or Japan because at that time they were still considered to be enemy countries although the war had long ceased. So, of these countries, I have to make a choice and I choose Sweden and Norway for very particular reasons. You see I had long been hearing from my friend who had been to U. K. that the U. K. industrialists are very very reluctant to show foreigners round their factories and the experience of one or two of my very close friends who had been there and who had spent a year or two in the U. K. factories made me very doubtful of my being able to get anything useful from a visit to U. K. And then I had particularly avoided U. S. A. for this reason that the development of industries in the United States of America is on a colossal scale and at the present stage of industrial development in our country, I felt that it would be of very little use to me to study the industrial development in a country where the magnitudes and the scales are so vast that we can't conceive of such a development, at

any rate at the present moment in our country. And the third country which I could think of was these Scandinavian countries because they were very highly industrially developed. I should say they can compare very well with the development of industries in the United States; particularly in Sweden, the development of industry can compare well with the development in U. K. as well as in U. S. A. At the existing stage of the industrial development of our country, I feel that more valuable lessons can be derived from a visit to Sweden than any of the other countries which I was offered a choice of.

Now I come to my experiences I saw in Sweden. First thing that struck me was whenever you got off from the train at whatever side station or train halting station, and walked out of the station, you see a big industry, a big factory right in front of you. Just now I was saying that Sweden was very highly industrially developed. Well, here is an example to show you how well developed it was.

Then you see the Swedish people have a heritage of scientific research workers and inventors. They can boast of inventors who have lived in Sweden and contributed to the national enrichment of the country, to the enrichment of its knowledge and of its material and cultural wealth. For the last several centuries they have been contributing like that. They give a very high value to the scientific

research. I would like to give a few examples of the attitude which the Swedish industry adopts towards Scientific research. I visited a small factory engaged in the manufacture of welding electrodes, electrodes used for arc welding, somewhere near Nottenberg on the west coast of Sweden. The whole complement of labour in that factory was round about 200 and you might imagine my surprise when I was told that about 80 workers out of this 200 were engaged in Scientific research. Only the remaining 120 were engaged in actual production.

Then I visited the Atlas Diesel works in the interior of Sweden. They manufacture there diamond drills for rock drilling mine work and then they also manufacture compressors on a large scale. They have given up the manufacture of diesel engines to another sister firm. After having taken me round the factory, the technician of the factory who took me round asked me to come along with him and took me down a mine shaft right in the compound of the factory, a shaft which was going about 200 or 300 ft. below the ground. When I entered there, it was just like a miniature mine. Of course, there was not any valuable mineral being extracted there. It was just an excavation in rock but that was being used for actual testing of the rock drills manufactured by this Atlas Diesel Company. That is the value they attach to the reputation of their product. They don't believe in just manufacturing anything

and just putting it on the market and making easy money. They want to see that their materials are tested thoroughly before they put them in the market. I think these are very valuable lessons which our industries also should learn and try to adopt, for, on these lessons is based the future industrial development of our country.

Then the 3rd thing about Scientific research and Scientific education. I had been here before to Coimbatore and even during my last visit I had seen this very big hall with all these various industrial machineries and other things which are exhibited here for the public. Of course, even then I realised what a wonderful thing it was. But I was struck by the real value of it only after I saw the technical museums in Sweden. You could walk into these technical museums, you have got working models of almost all kinds of industrial and engineering machinery and equipment. You can just press buttons and operate them. Thousands of students, grown-up people make it a regular habit of going to these museums. You can just well imagine what a wonderful opportunity the people there, particularly the young boys, school students have for learning the intricacies of modern technical machines and modern technical means of production. In Stockholm, i. e. the capital of Sweden there is a miniature mine. Of course I saw in the All-India Industrial Exhibition at Madras; they had prepared a miniature model of the Kolar mine.

I was interested. I went inside the thing. It was nothing compared to the actual mine which you see in the Stockholm Technical museum. You enter a pretty building, just as good a building like this and then go down stairs there and you see as if you are in a real coal mine or iron mine there, even the very atmosphere and all the tools, the methods of supporting the ceilings, walls, everything is illustrated there. Of course, I had the opportunity of going down some of the iron ore mines also, actual mines, not these miniature models in the museums. But the impression I got after visiting these models in the museums was just as good as the impression I got from visiting an actual mine there. I certainly should not under-rate the great contribution with Mr. G. D. Naidu has made to the education of the people of Coimbatore in equiping a big hall like this. I don't believe there is another institution like this in the whole of our country. I wish there were more.

Then for scientific research, I had opportunity to study other aspects of it, specially the aspects of cooperation between university research and industrial research. The Stockholm Technical Library has got an arrangement of getting copies of all the technical literature published throughout Sweden and throughout the whole world and of exchanging books and publications on technical literature with all the libraries distributsd all over the country, so that there is absolutely no

duplication of research work in any institution there where research work is being carried on. They know what is being done at other institutions in the country and elsewhere in the world, in those institutions in other countries to which they have access. So the fruitfulness of research work there is, as you can very well imagine, the maximum.

Another very interesting thing would be the attitude towards the state versus private enterprise. What is the attitude of those people there? Sweden has got a social democratic government. But I should say that it is a government which does not believe in socialism exclusively, or in capitalism exclusively. They believe in free competition as between private enterprise, between government enterprise, state owned enterprise and between cooperative owned enterprise. The Swedish sugar industry is a monopoly of the State. The Swedish Tobacco industry is a monopoly of the State. Sweden has I think the biggest steel plant which was under erection when I visited the country year before last. It is a Swedish concern. Of course, I was very interested to read the comments of the Swedish capitalist press on this government enterprise for a steel plant. They were not inclined to praise it or support it, but they did not raise a hooliganism as if the whole country was coming down on their heads because they felt that they were standing on quite safe grounds. They said, "it is a government concern and therefore as it was

a government concern it would be a financial failure and well, if they succeed in competing with us, we are prepared to fight it out with them. We are prepared for competition". That is the healthy attitude they take. And I had certain discussion with the people connected with the Swedish cooperative movement. Their attitude is also exactly the same thing. They don't believe in wholesale management of everything, turning over the management of every institution, every industry, every business enterprise to the cooperative movement. They believe that the best results would be achieved only when the cooperative movement works in competition with free private enterprise.

As a matter of fact, in the course of a discussion which I had with those people there connected with the cooperative movement, it was made clear to me that the cooperative movement was not directly interested in starting any industries. But they were indirectly interested in protecting the consumer from monopoly. There were several interesting instances which were brought to my notice. I was told of one instance particularly when the electric bulb manufacturing firms in foreign countries, the monopolies who controlled them tried to put up the prices. The Swedish cooperative said, " well, we give you warning if you don't bring down the prices to a reasonable level, we are going to start a factory ourselves ". The manufacturers did not oblige them. The Swedish Cooperative

Movement started the bulb factory. They have got the best bulb factory in Sweden today. There is just opposite the electric bulb factory owned and run by the Co-operative movement, the Osram Bulb factory, which is a private enterprise. You will be surprised to hear that the parts manufactured in the cooperative concern are being bought by the Osram company for assembly in their plant.

What are the industries that are being run by the Cooperative moment? I will give a list. It will be very interesting. I mentioned the electric bulbs. They have got a big ceramic factory there. They manufacture bath-tubs. They manufacture crockery. It was a private concern which was practically about to go into liquidation. But the co-operative came to their rescue. They wanted to take over the industry and co-operative there is a consumers' cooperative. That is the misconception that I find here in our country. By an industry run by a co-operative, it doesn't mean that the industry is run by the workers who are working the industry forming into a cooperative, but it is a consumer's co-operative which runs the industry there. The workers are employees of the factory just as they are employees of any other factory run by private enterprise or by Government. But I must say that the workers who are employed in these cooperatives appear to be much better trained than the workers employed in other industries there.

You see in Sweden, at least at that time when I was in Sweden, there was a crank shortage of labour actually. Wherever you go, there used to be shortage of labour. In very factory they said their production is down because they don't have sufficient labour. That is one of the points we have to bear in mind when we draw analogies between Sweden and India because here we have got a surplus of labour. There, there was a shortage af labour. Well, when I visited these factories run by the cooperatives, I was told there was a surplus of labour there. How could that be? In the whole country there is complaint of shortage of labour but you say there is a surplus of labour. Then the secret was let out. It appears that the cooperatives particularly this cooperative concern, this cooperative factory for manufacture of ceramic ware, porcelain crockery and bath-tubs and other things, have got an arrangement there that each worker employed in the factory should be provided with a house. There is a chronic shortage of housing in Sweden with the result that whereas there is a dearth of labour for all the other factories it was acute for the employment in the cooperative factory, because they know that if they get a job there, they will get a house also to live in. But many young men were going unmarried there because they didn't have a house, unlike in our country where they marry and continue to live under the same roof with the father and grand-father and grand children and great grand children.

There, as soon as you marry or not marry, you go out of the parental roof and set up a separate household, so that without having your house it was unthinkable to marry. So, many people went unmarried there just because they didn't have a house. So it was a good opportunity, if they got a job in this Cooperative factory, they could have a house and then they could marry and settle down. That was the advantage. That is why there was a queueing up of applications for employment in the cooperative factory, whereas for the other factories they have to send out people to canvas labour. They have got labour from Italy, from Germany. In the Gottenberg dockyards, there in the shipyards, I found Italian and German labourers and just as I said, because of the housing shortage, some of the old direct ships were converted into housing for the workers. The cabins were all used up as rooms for the workers employed in the shipyards to live in.

And by the by, I have not told you all the industries in the Swedish cooperative movement. The electric bulb manufacturing industry is one, then I mentioned this industry, manufacturing of Crockery and bath-tubs, then the Cooperatives run a fertilizer concern as big a concern as the Travancore Fertilizers. It was erected in 1945 and it is in full production today. I don't know how long back Travancore Fertilizers was promoted. The gas company is there. The one peculiar thing there is Sweden is short of coal. All the coal is imported from

Europe but in almost every small town, you have got a gas works there, because it is to their advantage. Whatever coal they import, they gasify, they use the gas for heating purposes in the house or for industrial heating. Then they get the coke which they can use also as domestic fuel or as an industrial fuel. They don't like to import coke.

This is an interesting suggestion that we should adopt in South India. Instead of getting coke as we do from North Indian Collieries, I would suggest that we should get coal from North India, have gas work set up in some of the important cities here at Madras, Coimbatore, Madura and other places. You would be having additional industries in these areas. You would be having additional fuel. Madras is a province with a chronic shortage of fuel. It would be a very good idea if we have these gas works because we will get the coke which can be used as a domestic fuel as a substitute for the firewood, which results in the destruction of our forests and then the continuing and increasing droughts year by year.

By this co-operative movement, they are successfully running a fertilizer factory. The fertilizer is being supplied to the members of the Co-operative because that is only a consumers' co-operative and all the farmers are members of the co-operative, they buy the fertilizers manufactured in their own co-operative. They get it at a very reasonable

price, very cheap price, they manage very well. They have got a readymade clothing factory, they have got a shoe factory, they have got a margarin factory, they have got several flour mills. All these are run by their co-operatives there very successfully. But as I told you the co-operative movement doesn't believe in running industry for the sake of running industry. They believe in running industry only as a measure of check against the prices being put up by the monoplized private interests. This was dinned into my ear again and again, that is why I am repeating that to you also.

Main subject of today's meeting is, of course, the Board of industries which is financing industries. Perhaps you would be interested to know how a Swedish industry was financed when it was in dire straits. I would consider the Iron and steel industry as the most important Swedish industry. This Swedish Iron and steel Industry was at one time leading the whole world before the discovery of the method of making the iron with the use of coke when man had not yet learnt to make iron with the use of coke, when man was still making iron from the ore with the use of charcoal. At that time Sweden was leading the whole world in the production of iron and steel. With the discoveries of the method of production of iron and steel with coke, the monopoly of Sweden passed to U. K. which was rich in coal mines and to other countries in Europe. Today, of course, in the quantitative production of steel,

Sweden perhaps holds a very minor place in the world. But Swedish industry holds a very high position in the world still in the qualitative steel production. Well, I was however, saying Swedish iron and steel industry passed through a very great crisis just as a moment when this method of making iron with the aid of coke was discovered because method of making iron with charcoal was extremely costly. By using coke the cost of production of iron was cut down to such a very great extent that Swedish iron had no market. Swedish Iron and steel industry was passing through a very great crisis. What did the Swedish industry do at that time? Swedish Iron and steel industry knowing that the only way of survival was to surpass the material achievement of other countries who had beaten them at the game, they had to go through a hard period when they had to intensify their research work and find out methods by which they can lower the cost of production of iron and steel or so improve their products that in spite of the cost of steel being produced in other countries being low, their steel would still command a market. That was the hard time they had to go through. That was a hard task they had to solve because the iron and steel industry should be once more put up on a stable foundation.

At that time, finance was very greatly needed because you had to finance research work and you had to finance the periods when there would be no marketing of iron

and steel to the same extent as they were able to do in the previous periods. The Swedish Iron Masters' Association was found. Its main object was to finance industry. They did not go to Government stretching out their hands for loans. They decided that the best way of providing the finance was to pool their resources together i. e. what they did. Today this Swedish Iron Masters' Association is in existence. It is no longer a financing organisation. Financing has become a secondary object or practically a negligible object of the activities of the Association. Today, the main activity of the association is to co-ordinate the research work carried out by all these Iron and Steel Factories in Sweden and to form a central organization for guiding research work with the result that, as I told you, Swedish always prided in the rich heritage of scientists and inventors and that is what helped them in their dire hour need. The iron and steel industry would have collapsed but for the heritage of Scientific research, and for the galaxy of inventors, which Sweden turned out in those days.

Today, Sweden holds the monopoly in the whole world for the production of sponge iron. Even the U. S. A. does not produce the sponge iron which is used for powder metallurgy. Of course, with the co-operation of Swedish industry there is a plant which is being put up in America today for the manufacture of sponge iron. That is the first enterprise. But this

sponge iron was being manufactured in Sweden since the year 1911 and they had a monopoly of it. Not only that. Today, I was particularly interested in the iron and steel industry because we were being engaged here in this problem of solving the very difficult problem how to smelt our rich iron ores in Salem. Therefore, I made it a point of particularly going round these Swedish iron and steel factories and find out how they have solved their problem, whether any useful lessons could be derived from them.

As I told you, this Swedish iron and steel smelting industry was based entirely on charcoal. But after the European countries discovered the method of making Iron and steel from the ore with the aid of coal or coke, Swedish people also adopted the same method. But they adopted it with a vengeance. The efficiency of iron and steel manufacture using coke in the Swedish factory is higher than the efficiency of manufacture adopted by the European, the German and the British and the American industries. They get more out of every ounce of coal they use. They have to do that, because the coal is all imported. They pay hard currency for every ounce of coal they have to import. Further, their research had been directed to getting the maximum out of every bit of coal that they import into their country for smelting iron and steel and the result is they have evolved a new method of making iron from the ore with the use of coke, not the charcoal.

With the use of coke and with the use of electricity they had the advantage. Each country has got its own advantages and disadvantages. Sweden did not have the advantage of coke or coal resources but they have the huge resources of hydro-electric power. With the use of hydro-electric power and with use of imported coke they are able to make quality steel at a cost comparably with the cost of iron and steel produced in any other country in the whole world and quality steel which ranks superior to all the steel manufactured in other countries in the world. Swedish steel has got its name even today in the world.

Well, I have practically said what all occurred to me immediately after Mr. Naidu suggested that I should give you a speech. So I would close with my heartful thanks to Mr. Naidu, to the ladies and gentlemen present here for having indulged their patience too much. (cheers).

Vote of thanks by

Sri T. V. Rajagopal

Members of the Board of Industries and friends:

It is a very unique occasion with which I happen to be associated atleast for the purpose of proposing vote of thanks, not only to the members of the Board of Industries who are present here today but also to Mr. Dattathriaiya for his very kind lecture. In that, we have not had proper controversies this evening either as usually raised by Mr. G. D. Naidu of his brain waves or out of any controversial topics that have been raised in any memorandum that we have submitted to the members of the Board of Industries. It is a very happy occasion that the members of the Board of Industries, led as they are today by Mr. Punja, have agreed in every one of the particulars that we have raised in the memorandum. From top to toe, they are at one with us. It is a very great refreshing feature to see today that such a happy thing is existing. I believe the reason is more in the fact that the members as they are present here today are not government staff. Otherwise as Mr. G. D. Naidu would usually express, they would have given a governmental answer for everything, a sort of an indefinite "no" and an indefinite "yes". But that is not their attitude because they are with us in the industry and yet

out of it for the purpose of advising the government. To that extent our thanks are due to everyone of the members who are present here today.

There is another unique feature in their presence in the absence of their Chairman. Mr. Punja did very good justice to his position as perhaps being the oldest member in the group. Every detail that he mentioned to was a sort of news to us and the entire evening was spent very happily in their company, I should think, and so in that regard, on behalf of the Chamber of Commerce and on my own behalf, I propose a very hearty vote of thanks to Mr. Punja in particular, and to other members of the Board of Industries. To Mr. Dattathriaiya a vote of thanks is certainly due for the reason that he has taken us into Sweden and brought us out of it safely back. Gentlemen, we have to thank you for having attended this meeting in response to our call. And I need not say that we have always to thank Mr. G. D. Naidu for all the kind arrangements that he makes for a meeting of the Indian Chamber here and for the kind treat he gives us. (cheers).

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